



Hamilton County

BOARD OF COMMISSIONERS

Gregory Hartmann
David Pepper
Todd Portune

County Administrator

County Administration Building, Room 603
138 East Court Street, Cincinnati, OH 45202-1226

ADMINISTRATOR
Patrick J. Thompson
Phone: (513) 946-4420

Phone: (513) 946-4400
Fax: (513) 946-4330
TDD/TTY: (513) 946-4719
www.hamiltoncountyohio.gov

To: Board of County Commissioners
Patrick Thompson, County Administrator

From: Christian Sigman, Assistant County Administrator

Copy: Jeff Aluotto, Assistant County Administrator
Moira Weir, Assistant County Administrator
Office of Budget and Strategic Initiatives

Date: May 26, 2010

Subject: April 2010 Budget Projections

SUMMARY

- General fund revenues are projected \$403,000 above the 2010 budget. This is the product of a number of departments projected to come in over budget, notably the Auditor, or under budget, notably the Treasurer, Recorder, and Clerk of Courts. Please note that the positive variance is also a product of a one-time revenue from the sale of county property. Comments on each department are provided in the general fund revenue section of this report.
- General fund expenditures are projected \$326,000 under the 2010 budget. This is a result of nearly all departments projecting to come in under budget with a few exceptions, most notably the Prosecutor's office. It is anticipated that this overage will be addressed later in the year by using available balance within the Prosecutor's delinquent real estate fund. The general fund is on track to meet the 2010 dashboard objective of maintaining 2010 general fund expenditures within 0.5% of originally appropriated funding level.
- The year-end general fund reserve is projected at \$17.3 million, or 8.2% of ongoing expenditures. This figure does not include the projected receipt of \$750,000 of delinquent real estate funding from the Prosecutor's Office. This projected general fund reserve as well as the projected revenue and expenditure performance show that all economic triggers for mid-year salary adjustments have been met or exceeded.

INTRODUCTION

The following projections are based on actual activity from January through April 2010 as well as anticipated changes that will take place throughout the balance of the year.

The Office of Budget and Strategic Initiatives (BSI) will continue to closely monitor expenditures and revenues through the remainder of 2010.

GENERAL FUND REVENUE

General fund revenue projections are \$403,000¹, or two-tenths of a percentage point, above the 2010 budget.

Departments with substantial variances in budgeted revenues include the following:

- **Auditor** Revenue is projected to be \$1.6 million above budget, a \$136,000 improvement from March projections. As the Auditor's office collections account for over 60% of general fund revenues, the budget office provides its projections by major revenue categories in the table below.

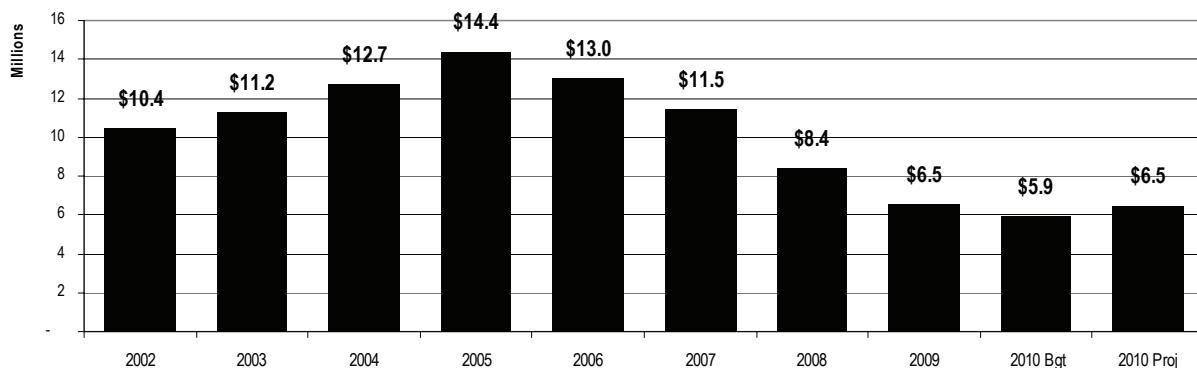
Table I – Auditor Revenue Projections, April 2010

Revenue	Budget	Projection	Variance	% Variance
Local Government Fund	17,990,000	18,900,000	910,000	5.1%
Real Estate Transfers	5,910,500	6,459,000	548,500	9.3%
Sales Tax	57,560,000	58,100,000	540,000	0.9%
Property Tax	49,538,558	49,202,426	(336,132)	-0.7%
All Other Revenue	4,833,200	4,798,492	(34,708)	-0.7%
	135,832,258	137,459,918	1,627,660	1.2%

- **Sales Tax** For 2010 the budget office estimated sales tax at a decrease from 2009 projections by 9% in the first five months of the year, and 2% thereafter. Actual sales tax performance for the first five months of 2010 has exceeded budget by \$1.7 million; however sales tax collections are still 4.7% below the same period in 2009. The remaining seven months of 2010 are now projected 5% below 2009 collections, consistent with year-to-date performance.
- **Real Estate Transfer and Conveyance Fees** Auditor transfer and conveyance fees were budgeted in 2010 at a decrease of 9.7% from 2009 collections. Actual 2010 collections have increased 25.1% from 2009 collections in the first four months. The budget office continues to project a 9.7% decrease for the remainder of the year due to the expiration of the federal new home buyer tax credit, resulting in total collections 1.4% below 2009, but 9.3% over 2010 budget. Should the market continue to maintain growth through the summer, the budget office will revise the projection upward.

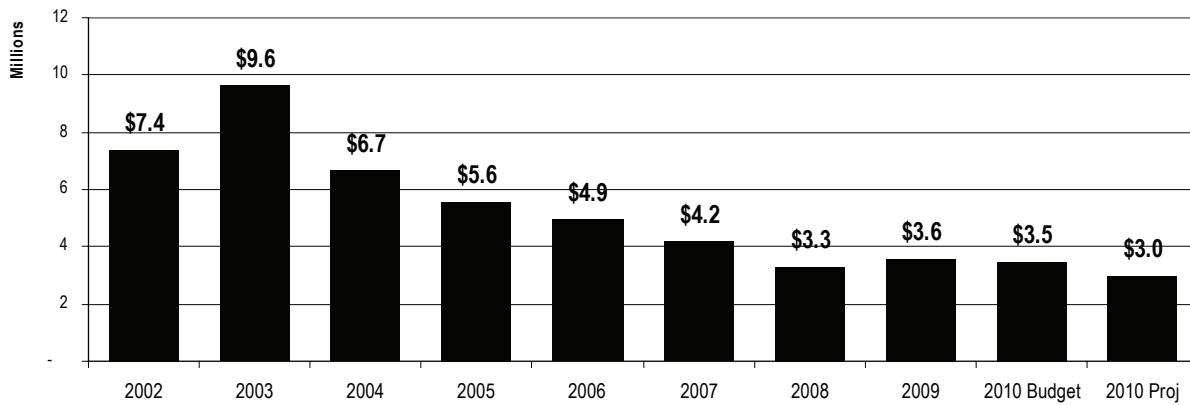
¹ Summary figures throughout the document may vary slightly from the sum of the detailed items due to rounding.

Chart 1 – Transfer and Conveyance Fees, 2002-2010



- **Local Government Fund** Local government fund revenue is projected \$910,000 (5.1%) above budget due to better than anticipated performance in state tax collections. The revenue was budgeted at a 10% decrease from 2009 collections, but in the first four months, it has averaged a decrease of 6.3%. The remaining eight months have been revised to reflect an 8% decrease from 2009 and will continue to be revised upward if state revenue collections continue to improve. State reports of April tax collections indicate a favorable May distribution.
- **Property Tax** The first-half real estate tax settlement suggests total collections at 0.8% below budget, resulting in the projected decrease of \$336,000 from budgeted collections. Other property tax reimbursements from the state are projected at the budgeted level, as there is no activity in the first four months.
- Other Auditor revenues are projected \$35,000 under budget due primarily to unusually low inheritance tax settlement fees.
- **Treasurer** Both budgeted and projected interest earnings follow Treasurer's office estimates, with a decrease of \$1.0 million from what the office recommended during the 2010 budget process. This shortfall is due to record low interest rates. The current projection reflects the Treasurer's office estimate released in their quarterly interest report.
- **Clerk of Courts** Revenues are projected \$834,000 below 2010 budget. The majority of the shortfall is attributed to Municipal – Criminal/Traffic (\$734,000).
- **Recorder** Recorder's office fees are \$437,000 below budget, the result of a decrease in the number of transactions. March collections are decreased 20.9% from 2009 collections. The budget office projection assumes a decrease of 13.2% for May-December. Chart 2 indicates that 2010 collections are projected at 31.3% of the county's peak year of 2003.

Chart 2 – Recorder Fees, 2002-2010



- **Building and Development** Revenue is projected \$307,000 over budget due to an additional reimbursement by MSD for 2009 consultant services.
- **County Facilities** Revenue is projected \$309,000 over budget due to \$400,000 of one-time revenue from the sale of the Breyer School property.
- **Sheriff** Revenue is projected at \$487,000 over budget largely due to Safety Plan fund reimbursements for vehicle purchases not envisioned in the adopted budget.

GENERAL FUND EXPENDITURES

General fund expenditures are projected to be \$326,500, or roughly two-tenths of a percentage point, under the 2010 budget.

Departments with substantial variances in budgeted expenses or potential issues include the following:

- **Court of Common Pleas** The Court is projected to be approximately \$500,000 under budget due to bids for the Court Management System support contracts coming in well under budget.
- **Public Defender** The Public Defender's budget is projected at budget. This projection does not take into account any additional 2010 department funding due to pending enhancements recommended by the State Public Defender Commission.
- **Sheriff** The Sheriff's office is projected under budget by \$91,000. Personnel is tracking slightly over budget, however non-personnel should make up for any overage.
- **Non-Departmentals** Accrued sick and vacation leave payouts for general fund retirees are projected to exceed budget. A transfer resolution has been approved by the Board in May to increase funding for these payouts.

- **County Facilities** Utilities costs are projected at \$300,000 under budget. This funding is the source for the transfer resolution for retirement payouts referred to in Non-Departments above.
- **Prosecutor** Expenditures are projected to be \$1,024,000 over budget due to personnel expenditures. It is anticipated this shortfall will be offset, partially or in full, by funding from the Prosecutor's Delinquent Real Estate fund. For planning purposes the budget office is assuming \$750,000. This amount has not been included in the 2010 revenue projections or fund balance calculation or revenue projection.

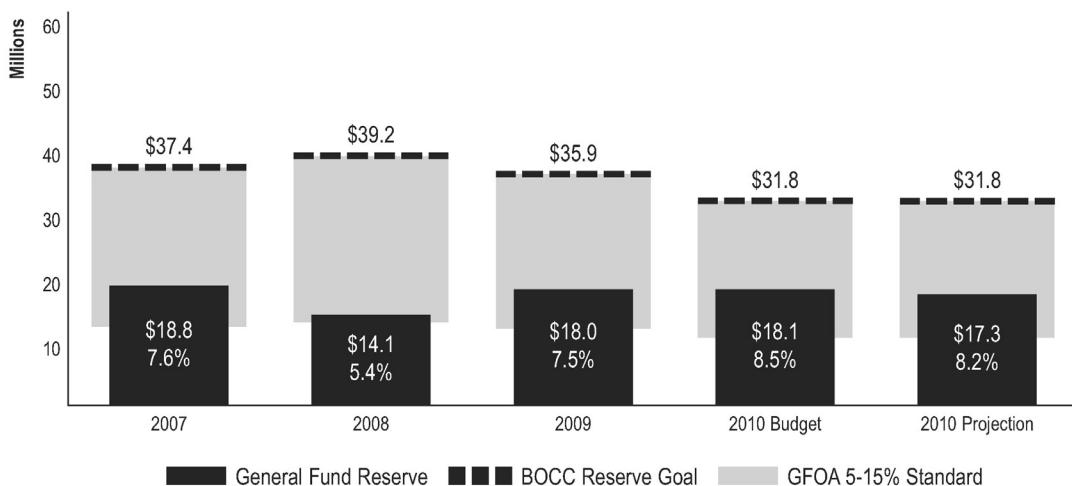
GENERAL FUND RESERVE BALANCE

The general fund is anticipated to end the year with a \$17.3 million fund reserve, an \$800,000 decrease from the 2009 year-end balance, due to the \$1.2 million transfer to the sales tax fund. This reserve would amount to 8.2% of ongoing expenditures toward the Commission goal of a 15% minimum fund reserve.

A major indicator of the county's fiscal health is the reserve maintained in the general fund. The Board of County Commissioners have adopted a fund reserve policy that calls for the county to strive to maintain a reserve balance of 15% of ongoing expenditures, and requires the budget to include a 0.5% contribution to reserves when the balance falls below 15%. A 15% reserve would require \$31.8 million in 2010. The 0.5% contribution to fund balance for 2010 would be \$1.1 million.

The Government Finance Officers Association (GFOA) "recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5 to 15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures." For the county to meet GFOA standards, the minimum reserve range is approximately \$10.5 million to \$31.8 million using the 2010 approved budget as the base.

Chart 3 - Projected 2010 General Fund Reserve



ATTACHMENTS

- A. General Fund Revenue and Expenditures by Department
- B. General Fund Reserve Projection

DEPARTMENT TITIE	2010 Rev Budget	Rev Revisions	Proj Annual Rev	Rev Variance	2010 Appropriation	Leg Change	Proj Annual Exp	Exp Variance
Commissioners & County Admin	\$ 6,170,054	\$ -	\$ 6,150,444	\$ (19,610)	\$ 2,208,183	\$ -	\$ 2,207,781	\$ 402
Economic Dev Department	62,887	-	62,887	-	1,228,947	-	1,227,029	1,918
County Facilities	1,820,282	-	2,129,498	309,216	20,369,552	-	20,068,947	300,606
Communications Center	72,900	-	66,897	(6,003)	2,903,154	-	2,822,304	80,850
Job and Family Services	-	-	-	-	1,312,688	-	1,312,688	-
Non-Departmentals	100,000	-	100,000	-	3,399,411	-	3,673,509	(274,098)
Contracts and Subsidies	260,000	-	260,000	-	1,147,568	-	1,137,568	10,000
Auditor	135,832,258	-	137,459,918	1,627,660	2,072,752	-	2,070,369	2,383
Treasurer	11,930,350	-	10,906,557	(1,023,793)	832,000	-	831,927	73
Recorder	3,450,000	-	3,012,697	(437,303)	1,682,664	-	1,682,664	-
Board of Elections	2,327,500	-	2,252,177	(75,323)	8,128,624	-	8,128,624	-
Human Resources	5,000	-	6,532	1,532	2,330,731	-	2,205,029	125,702
Building and Development	4,429,270	-	4,736,463	307,193	5,142,426	-	5,133,544	8,882
Sheriff	9,460,180	-	9,947,891	487,711	58,909,410	315,000	59,132,695	91,714
Prosecutor	2,089,145	-	2,053,599	(35,545)	10,548,145	-	11,572,207	(1,024,062)
Coroner	1,007,700	-	1,008,400	700	3,745,659	-	3,635,900	109,759
Emergency Management	-	-	-	-	454,000	-	454,000	-
Juvenile Court	10,244,011	-	10,363,830	119,819	20,651,237	-	20,503,080	148,157
Court of Appeals	100	-	208	108	58,439	-	56,221	2,218
Court of Common Pleas	65,488	-	64,238	(1,250)	7,580,444	-	7,007,274	573,170
Municipal Court	145,924	-	108,114	(37,810)	4,915,894	-	4,915,650	244
Court of Domestic Relations	422,500	-	399,402	(23,098)	3,694,122	-	3,675,000	19,122
Probate Court	1,228,000	-	1,209,927	(18,073)	2,782,124	-	2,740,374	41,750
Clerk of Courts	15,243,123	-	14,409,533	(833,590)	11,394,878	-	11,440,310	(45,432)
Public Defender	4,800,900	-	4,819,522	18,622	12,962,000	-	12,955,350	6,651
Court Reporters	3,000	-	745	(2,255)	2,491,395	-	2,415,769	75,626
Probation	369,471	-	413,915	44,444	6,461,583	-	6,460,987	596
County Engineer	-	-	-	-	571,508	-	571,508	-
Debt Service	-	-	-	-	10,237,525	-	10,237,525	-
Veterans Service Commission	213,000	-	213,000	-	1,527,272	-	1,456,986	70,286
TOTALS	\$ 211,753,043	\$ -	\$ 212,156,395	\$ 403,351	\$ 211,744,337	\$ 315,000	\$ 211,732,820	\$ 326,517

NOTES

A positive variance for revenue means revenues are projected to exceed budget.

A positive variance for expense means expenses are projected to come in under budget.

2010 General Fund Budget
Projected Reserve Balance - April 2010
(in thousands)

Cash balance 12/31/2008	\$26,080
Plus: 2009 revenues	222,162
Less: 2009 expenditures	(217,337)
Plus: Advances repaid	50
Cash balance, 12/31/2009	<hr/> \$30,955
Less: Encumbrances, 12/31/2009	(12,910)
Reserve balance, 12/31/2009	<hr/> \$18,045
Plus: 2010 projected revenue	212,156
Less: 2010 projected expenditures	(211,733)
Less: Transfer to sales tax fund	(1,200)
Projected reserve balance 12/31/2010	<hr/> \$17,269

Reserve Requirement

Total 2010 budgeted expenditures	\$211,744
Reserve requirement: 15% of ongoing expenditures	\$31,762
Reserve balance, 12/31/09 (7.5% of 2009 budget)	\$18,045
Budgeted reserve balance, 12/31/10 (8.5% of 2009 budget)	\$18,054
Projected reserve balance, 12/31/10 (8.2% of 2010 budget)	\$17,269

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